

**BOARD OF INVESTMENT TRUSTEES  
MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS**

**MINUTES – OPEN SESSION**

July 23, 2010  
101 Monroe Street, 15<sup>th</sup> floor  
Rockville, Maryland

Board Members Present: Kelda Simpson  
Joe Adler  
Steve Farber  
Meg Menke  
Jeff Sharpe  
Lodge Gillespie  
Joe Beach  
Jennifer Barrett  
George Willie  
Sunil Pandya

Staff: Linda Herman  
Brad Stelzer  
Stuart Potter  
Patrick O'Brien

Others Present: Mark Brubaker, Wilshire Associates  
Mike Dudkowski, Wilshire Associates  
Brad Atkins, Franklin Park  
Amy Moskowitz, Counsel to the Board

***CALL TO ORDER***

Ms. Simpson called the open session of the Board to order at 8:38 a.m.

***DETERMINATION OF MEETING***

The Board unanimously approved a motion to move into closed session at 8:38 a.m. for the purpose of discussing the investment of public funds, pursuant to Maryland Code, State Government Article, 10-508(a)(5) and (a) (14) to discuss the awarding of a contract/negotiation of a contract.

Ms. Simpson called the open session of the Board to order at 11:00 a.m.

**Approval of the Minutes:** Mr. Farber moved and Mr. Beach seconded, and the Board unanimously approved the minutes of the May 21, 2010 meeting.

**ERS – Securities Lending Update:** Mr. Potter updated the Board on recent action taken by Northern Trust to offer security lending clients the opportunity, on a quarterly basis, to request periodic adjustments to the level of securities on loan (loan cap) by up to 35%. He reviewed with the Board changes made by Northern to the investment guidelines since the collateral deficiency was declared in September 2008 as well as the risks involved with securities lending as well as the mitigations of the risks. The Board discussed the issues surrounding securities lending, especially during the recent credit crisis and requested Staff provide additional analysis on how the securities lending program is evaluated via the risk budget. The Board also requested Staff research what the impact would be on Northern's custodian fee if the ERS did not participate in securities lending. After discussion of Staff's recommendation to remain in the securities lending program and to remove the loan cap, Mr. Adler moved and Ms. Menke seconded and the Board approved, the following resolution:

***1007-05      Resolved, That the Board approves continued participation in Northern's Securities Lending Program with no loan cap. Staff will provide the Board with the information requested at the September meeting.***

The Board unanimously approved a motion to move into closed session at 11:25 a.m. for the purpose of discussing the investment of public funds, pursuant to Maryland Code, State Government Article, 10-508(a)(5) and (a) (14) to discuss the awarding of a contract/negotiation of a contract.

There being no further business of the Board, the open meeting session was adjourned at 11:25 a.m.

Respectfully submitted,

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Joseph Adler, Secretary